



INTERNAL AUDIT AUDIT INVESTIGATION PARKS AND RECREATION – PART-TIME PAYROLL

December 20, 2004

Roanoke City Council Audit Committee
Roanoke, Virginia

We have completed an audit investigation of Parks and Recreation part-time payroll.

BACKGROUND

The Parks and Recreation department relies on part-time and seasonal employees to serve as pool managers, lifeguards, recreation center aides, camp counselors, concessionaires, etc. Part-time and seasonal employees work at various Parks and Recreation facilities, including nine recreation centers, four fitness centers, three pools, 13 gyms, and 27 athletic fields. There are on average 40 active part-time staff during fall, winter and spring months. The summer seasonal staff effectively doubles the number of part-time staff to approximately 80 people when pools open and summer camps begin operation.

Part-time and seasonal staff may work at more than one facility depending on their skill sets and willingness to work. An employee may act as a recreation center aide at one center, then may be an aerobics instructor at another center, then may serve as a counselor at summer camp. Recreation center aides are paid by the hour, while a course instructor may be paid a set fee for each session taught. The majority of part-time and seasonal employees earn between \$8 and \$10 per hour. Course instructors are paid according to the complexity of the material being presented and the projected revenue from course fees.

Programmers are responsible for scheduling and supervising part-time and seasonal staff for specific centers and programs. Each Programmer is expected to prepare a weekly schedule for each part-time person he or she plans to use. The weekly schedules should be given to each part-time employee in advance of the work week. Part-time employees are required to record their starting and ending times worked on the weekly schedule, which also serves as a time sheet. If employees deviate from the scheduled starting or ending time they are supposed to document the reason on the schedule/time sheet. If a Programmer changes the printed schedule/time sheet due to changes in an event or rental, he or she should initial the change and document the reason for the change. The schedule/time sheet should be signed by the employee and the Programmer before being submitted for entry into the part-time payroll system.

Part-time employees may work for more than one Programmer in a pay period. When a part-time employee works for two Programmers, that employee would have two schedules/time sheets for one pay period. Final time sheets are entered into the part-

time payroll system by the department Secretaries. Recreation Coordinators review time entry reports and verify time entered is consistent with the time sheets. Various payroll reports are generated by the system and used by management to monitor labor expenses by program and location.

The Parks and Recreation department has dedicated considerable time and resources to refining its part-time payroll processes over the years. The department has a well constructed, comprehensive policies and procedures manual that explains in detail the processes noted above and assigns responsibilities.

In the course of following-up on past issues with part-time payroll, our auditor noticed that one part-time employee had nine timesheets in one pay period. Upon further review of the time sheets, the auditor noted that some employees were shown to be in two places at once. We immediately initiated an audit investigation.

PURPOSE

The purpose of this audit was to determine the extent of overpayments in part-time payroll and to determine the causes of those overpayments.

SCOPE

The scope of this audit included reviewing part-time payroll records for pay periods ending July 9, 2001 through September 13, 2004.

METHODOLOGY

Initially, we obtained the "Recreation Time Sheet Listing" reports for the pay periods ending 07/19/04 and 08/02/04. We reviewed the starting and ending times reported by date for each employee working those pay periods. This review indicated that employees were being paid for overlapping and duplicate time. We then requested a download of the part-time payroll data from the Department of Technology, for pay periods ending between July 1, 2001 and September 13, 2004. There were over 37,000 records in this data set. We then used audit software to format the data and sort the records by social security number and date worked. We developed queries and filters to isolate those records for each employee that reflected duplicated time worked. An example would be an employee who was paid for time worked from 9:00-5:00 and also from 10:00-2:00 on the same date. The resulting report contained 4,815 records from which we were able to identify all duplicated time paid during the last three fiscal years. We confirmed the duplicate time was paid by tracing a sample of the duplicate time identified into the city's payroll system.

We needed to review the original time sheets to enable us to better understand the cause of the duplicated time. Given the large number of instances of duplicate time, we decided initially to review time sheets only for those employees who received over \$250 in total overpayments during the period being reviewed. Our primary interest was to determine if the time documented on the time sheet agreed with the time entered into the part-time payroll system. After we confirmed that the time entered and time recorded

did agree, we reviewed the details of each time sheet to determine if there were:

- deviations from scheduled time
- notations explaining variances from or changes to the schedule
- signatures by the employee certifying the time reported as accurate
- signatures by the Programmers certifying that they approved the time worked and were satisfied that the time sheet was completed according to policy
- signatures by the Coordinators certifying that they had reviewed the time sheets for adherence to policies and had reconciled the time reported to the time entered

We then selected one Programmer and two part-time employees for initial interviews in order to better understand why the schedules/time sheets reflected duplicated and overlapping time worked. Based on these interviews and in consultation with the Commonwealth Attorney's office, as well as the Parks and Recreation Administration, we decided to conclude our audit work without further interrogations of additional employees.

RESULTS

Finding 01 - Overpayments

We identified approximately 106 employees that had been overpaid as little as \$4 and as much as \$482 in total over the three-plus years reviewed. The total overpayments in the last three years were approximately \$9,000. Ten employees received overpayments of \$250 or more.

We identified the following contributing factors that led to errors in the part-time payroll:

- Not all Programmers prepared weekly schedules two weeks in advance, as required by policy. In some cases, we concluded the schedule/time sheets were not prepared and printed until the end of the pay period. In these instances, employees did not have time sheets available to them on which they could record their time worked.
- Schedules were sometimes not prepared on the prescribed basis of a Tuesday through Monday work week. We noted that two of these time sheets reported time for dates ranging across two time periods. This contributed to the same work time being paid two or more times in different pay periods.
- In some cases, a Programmer filled in the "Actual" starting and ending work times on the employees' time sheets. In these cases, the Programmer simply copied the scheduled times over into the actual time columns. The Programmer did not realize that some of the scheduled times were wrong and that the employee could not have worked at that time. This resulted in some employee time sheets reflecting the same hours worked at two different locations.
- Time sheets were sometimes completed in advance of the date when the work was scheduled to be performed. For example, a time sheet would be completed on

Friday to reflect time scheduled to be worked on the coming Saturday, Sunday, and / or Monday. This was done by the Programmer in order to have ample time to complete the required paper work for payroll in advance of the Tuesday morning deadline.

Action Plan 01 – Overpayments

The Parks & Recreation department has met with Recreation Programmers and Coordinators to review current part-time payroll policies and procedures. As part of this review, the staff was encouraged to discuss any issues they had with the practical application of the current procedures.

Immediate changes to the part-time payroll process include:

- Each programmer will prepare only one schedule/time sheet for each employee he or she schedules to work.
- Supervisors will be required to prepare part-time staffing schedules on the standard basis of a Tuesday through Monday, 7 day period. Part-time employees will be required to submit their time sheets on a weekly basis to their supervisors. Supervisors will review and approve time sheets as they are received and submit them on a weekly basis to the main office for entry into the part-time payroll system.
- Time sheets submitted for past pay periods will have to be justified to the Director of Parks & Recreation before being authorized for processing.

In addition to these immediate changes, Parks & Recreation is working with the Department of Technology and the Auditing department to identify enhancements to the part-time payroll system. Parks & Recreation will revise the Part-Time Payroll Manual to reflect the final changes to the process. Staff will be retrained and held accountable to the new requirements.

Management Comments:

The Parks & Recreation department has a large number of high school or college age employees. These employees work inconsistent schedules at a variety of locations and at different pay rates in various capacities and under various supervisors. Their total pay varies each pay cycle making it more difficult for them to recognize over and under payments.

Annually, we are challenged to train and re-train our part-time and temporary employees. Compounding the situation are the staff shortages that may require one supervisor to provide coverage for multiple locations.

We met with all employees and stressed the need for accuracy. Their performance in this area will be closely monitored. Staff will continue to stress the importance of 100% compliance with the payroll procedures to all temporary and part-time employees.

Finally, we will continue to audit this section and work with DoT and the Auditing department to identify systems that can help prevent and detect errors in our part-time payroll.

CONCLUSION

There were 106 part-time and seasonal employees in Parks & Recreation who were paid approximately \$9,000 for time not worked over the period from July 1, 2001 through September 13, 2004. The inconsistent application of established procedures and human error were the primary causes of these overpayments. Based on the circumstances involved, we do not believe criminal charges should be pursued.

We would like to thank management and staff in the Parks & Recreation department for their cooperation and assistance during the audit; as well as their ongoing commitment to improve part-time payroll processing.



Brian M. Garber
Senior Auditor



Drew Harmon, CPA, CIA
Municipal Auditor